

House File 2374 - Introduced

HOUSE FILE 2374
BY COMMITTEE ON VETERANS
AFFAIRS

(SUCCESSOR TO HSB 650)

A BILL FOR

1 An Act creating individual income tax credits for military
2 service during certain military conflicts in Lebanon,
3 Grenada, and Panama, and for service during certain military
4 conflicts in the Persian Gulf, providing for penalties, and
5 including retroactive applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2014, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 57. *a.* Subtract the Lebanon, Grenada, and
4 Panama veteran tax credit provided under section 422.10A to the
5 extent that the credit increased federal adjusted gross income.

6 *b.* This subsection is repealed January 1, 2018.

7 NEW SUBSECTION. 58. *a.* Subtract the Persian Gulf veteran
8 tax credit provided under section 422.10B to the extent that
9 the credit increased federal adjusted gross income.

10 *b.* This subsection is repealed January 1, 2018.

11 Sec. 2. NEW SECTION. **422.10A Lebanon, Grenada, and Panama**
12 **veteran tax credit.**

13 1. The taxes imposed under this division, less the credits
14 allowed under section 422.12, shall be reduced by a Lebanon,
15 Grenada, and Panama veteran tax credit equal to the following
16 amount:

17 *a.* For a taxpayer who served on active duty for not less
18 than one hundred twenty days in the armed forces of the United
19 States at any time between August 24, 1982, and July 31, 1984,
20 both dates inclusive, or between December 20, 1989, and January
21 31, 1990, both dates inclusive, and who was inducted into
22 federal active duty from the state of Iowa and was honorably
23 discharged or separated from federal active duty, or is still
24 on active duty in an honorable status, or has been retired,
25 or has been furloughed to a reserve, or has been placed
26 on inactive status, an amount equal to three hundred fifty
27 dollars.

28 2. In order to qualify for the credit in subsection 1, all
29 of the following requirements must be satisfied:

30 *a.* The taxpayer has not received a tax credit, bonus, or
31 compensation similar to that provided in this section from this
32 state or another state, including the Persian Gulf veteran tax
33 credit under section 422.10B.

34 *b.* The taxpayer was on active duty service after August
35 24, 1982, and the person did not refuse on conscientious,

1 political, religious, or other grounds, to be subject to
2 military discipline.

3 *c.* The taxpayer files an application for tax credit under
4 this section with the department of veterans affairs in a
5 manner determined by the department by July 1, 2015. The
6 department of veterans affairs shall certify to the department
7 of revenue the identity of each taxpayer eligible for the
8 credit under this section and the amount of tax credit for
9 which the taxpayer is eligible.

10 3. If a taxpayer dies before claiming the credit in
11 subsection 1, the surviving unremarried widow or widower,
12 child or children, mother, father, or person standing in loco
13 parentis, in the order named and none other, of any deceased
14 taxpayer shall be eligible for the tax credit in subsection 1
15 that the deceased taxpayer would be entitled to pursuant to
16 this section, if living.

17 4. The credit provided in this section shall be allowed only
18 once per taxpayer. The credit shall be claimed by the taxpayer
19 for the tax year in which the application is successfully made
20 to the department of veterans affairs under subsection 2,
21 paragraph "c". Any credit in excess of the tax liability is
22 refundable. Taxpayers affected by the allocation provisions
23 of section 422.8 shall be permitted a deduction for the credit
24 only in the amount fairly and equitably allocable to Iowa under
25 rules prescribed by the director of revenue.

26 5. A taxpayer who knowingly makes a false statement relating
27 to a material fact in supporting an application under this
28 section is guilty of a serious misdemeanor. A person convicted
29 pursuant to this section shall forfeit all tax credit to which
30 the taxpayer may have been entitled under this section.

31 6. The executive director of the department of veterans
32 affairs, in cooperation with the director of the department
33 of revenue, shall provide for the administration of the
34 credit authorized in this section. The department of veterans
35 affairs and the department of revenue shall each adopt rules,

1 pursuant to chapter 17A, as necessary to administer this
2 section, including but not limited to application procedures,
3 investigation, approval or disapproval of claims, and claiming
4 of credits.

5 7. This section is repealed January 1, 2016.

6 Sec. 3. NEW SECTION. **422.10B Persian Gulf veteran tax**
7 **credit.**

8 1. The taxes imposed under this division, less the credits
9 allowed under section 422.12, shall be reduced by a Persian
10 Gulf veteran tax credit equal to the following amount:

11 a. For a taxpayer who served on active duty for not less
12 than one hundred twenty days in the armed forces of the United
13 States at any time between January 31, 1990, and February 28,
14 1991, both dates inclusive, and who was inducted into federal
15 active duty from the state of Iowa and was honorably discharged
16 or separated from federal active duty, or is still on active
17 duty in an honorable status, or has been retired, or has been
18 furloughed to a reserve, or has been placed on inactive status,
19 an amount equal to three hundred fifty dollars.

20 2. In order to qualify for the credit in subsection 1, all
21 of the following requirements must be satisfied:

22 a. The taxpayer has not received a tax credit, bonus, or
23 compensation similar to that provided in this section from this
24 state or another state, including the Lebanon, Grenada, and
25 Panama veteran tax credit under section 422.10A.

26 b. The taxpayer was on federal active duty after January
27 31, 1990, and the taxpayer did not refuse on conscientious,
28 political, religious, or other grounds, to be subject to
29 military discipline.

30 c. The taxpayer files an application for tax credit under
31 this section with the department of veterans affairs in a
32 manner determined by the department by July 1, 2015. The
33 department of veterans affairs shall certify to the department
34 of revenue the identity of each taxpayer eligible for the
35 credit under this section and the amount of tax credit for

1 which the taxpayer is eligible.

2 3. If a taxpayer dies before claiming the credit in
3 subsection 1, the surviving unremarried widow or widower,
4 child or children, mother, father, or person standing in loco
5 parentis, in the order named and none other, of any deceased
6 taxpayer shall be eligible for the tax credit in subsection 1
7 that the deceased taxpayer would be entitled to pursuant to
8 this section, if living.

9 4. The credit provided in this section shall be allowed only
10 once per taxpayer. The credit shall be claimed by the taxpayer
11 for the tax year in which the application is successfully made
12 to the department of veterans affairs under subsection 2,
13 paragraph "c". Any credit in excess of the tax liability is
14 refundable. Taxpayers affected by the allocation provisions
15 of section 422.8 shall be permitted a deduction for the credit
16 only in the amount fairly and equitably allocable to Iowa under
17 rules prescribed by the director of revenue.

18 5. A taxpayer who knowingly makes a false statement relating
19 to a material fact in supporting an application under this
20 section is guilty of a serious misdemeanor. A person convicted
21 pursuant to this section shall forfeit all tax credit to which
22 the taxpayer may have been entitled under this section.

23 6. The executive director of the department of veterans
24 affairs, in cooperation with the director of the department
25 of revenue, shall provide for the administration of the
26 credit authorized in this section. The department of veterans
27 affairs and the department of revenue shall each adopt rules,
28 pursuant to chapter 17A, as necessary to administer this
29 section, including but not limited to application procedures,
30 investigation, approval or disapproval of claims, and claiming
31 of credits.

32 7. This section is repealed January 1, 2016.

33 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
34 retroactively to January 1, 2014, for tax years beginning on
35 or after that date.

1 EXPLANATION

2 The inclusion of this explanation does not constitute agreement with
3 the explanation's substance by the members of the general assembly.

4 This bill provides for the creation of two one-time
5 individual income tax credits for veterans of the United States
6 military who served during identified periods of conflict. The
7 credits are each equal to \$350.

8 The first credit is available to members of the United States
9 armed forces who served in active duty during the military
10 conflicts in Lebanon, Grenada, and Panama who meet certain
11 qualifications of service. The second credit is available to
12 members of the United States armed forces who served in active
13 duty during the military conflicts in the Persian Gulf who meet
14 certain qualifications of service. A taxpayer may only claim
15 one of the credits.

16 The bill provides dates for the periods of these conflicts
17 and requires that a veteran must meet additional requirements
18 to qualify for the credit. The person must not have received a
19 similar tax credit or bonus from this state or any other state.
20 The person must not have refused to be subject to military
21 discipline on certain grounds. The bill also requires that
22 the person file an application with the department of veterans
23 affairs (department) by July 1, 2015, in order to qualify for
24 the credit. The department is required to certify to the
25 department of revenue the identify of each person who qualifies
26 for the credits and the amount of tax credit for which the
27 taxpayer is eligible.

28 Certain other persons who survive the veteran are eligible
29 for the tax credit for which the deceased person would have
30 been eligible.

31 The bill provides that knowingly making a false statement of
32 material fact supporting an application to receive one of the
33 tax credits is a serious misdemeanor. A serious misdemeanor
34 is punishable by confinement for no more than one year and a
35 fine of at least \$315 but not more than \$1,875. The bill also

1 provides that a conviction on such a charge would result in
2 forfeiture of any right to claim one of the credits.

3 Each credit provided in the bill shall be allowed only once
4 per taxpayer. The taxpayer is required to claim the credit
5 for the tax year in which the tax credit application was made.
6 Any credit in excess of the tax liability is refundable.
7 Nonresident and part-year residents are allowed a tax credit
8 only in the amount fairly and equitably allocable to Iowa under
9 rules prescribed by the director of revenue.

10 The tax credits are exempt from the individual income tax to
11 the extent that they increase federal adjusted gross income.

12 The director of the department of veterans affairs, in
13 cooperation with the director of the department of revenue, is
14 to administer the tax credits.

15 The credits are repealed January 1, 2016.

16 The bill applies retroactively to January 1, 2014, for tax
17 years beginning on or after that date.